



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 1/27/2004

GAIN Report Number: IN4005

India

Oilseeds and Products

February Update

2004

Approved by:

Chad R. Russell

U.S. Embassy, FASNEWDELHI

Prepared by:

V. Shunmugam

Report Highlights:

Improved oilseeds production restricts India's edible oil imports and improves prospects for oil meal exports during MY 2003. After four decades, India has begun exporting peanut oil again, cashing in on the higher world prices and increased domestic availability. Indian refiners start tapping into Middle East markets to achieve domestic stabilization.

Includes PSD Changes: Yes

Includes Trade Matrix: No

Unscheduled Report

New Delhi [IN1]

[IN]

Table of Contents

Improved domestic supplies restrict edible oil imports during MY 2003	3
Table 1: Trends in edible oil imports during MY 2002 vs 2003.....	3
Table 2. Peanut oil exports during MY 2003 (October 2003 – January 2004).....	3
Indian refiners tap the Middle East market for refined soybean oil exports	4
Table 3: Refined soybean oil exports – MY 2003 (October 2003 – January 2004)	4
Table 4: India's surging meal exports - MY 2002 vs 2003 (Oct – Dec) (Metric Tons)	4
Statistical Tables	5
Table 5: Commodity, Soybean Meal, PSD	5
Table 6: Commodity, Soybean Oil, PSD	6
Table 7: Commodity, Peanut Oil, PSD	7

Improved domestic supplies restrict edible oil imports during MY 2003

Table 1: Trends in edible oil imports during MY 2002 vs 2003 (Oct – Dec) (Metric Tons)

Edible Oil	MY 2003 (Oct-Dec)	MY 2002 (Oct-Dec)	Percent Change
Crude Palm Products	604,592	824,687	- 26.7
RBD Palmolein	204,886	499	-
Soybean Oil	69,549	213,279	- 67.4
Sunflower Oil	22,572	2,000	1028.6
Coconut Oil	250	500	200.0
Total	901,849	1,040,965	- 13.4

Source: Solvent Extractors Association of India (SEAI)

Improved MY 2003 oilseeds production, boosted by a better monsoon, has resulted in a 13 percent decline in Indian vegetable oil imports during the first quarter (Q1) of MY 2003. Imports of palm and palm products continue to dominate the import basket with a share of 80 percent during Q1 of MY 2003 (Oct-Dec). With the termination of the differential tariff regime for crude and refined edible oils (palm and soybean), imports of refined edible oils increased to 22 percent during Q1 of MY 2003 from almost nil at the same time a year ago. While the imports of palm products declined marginally by 2 percent during Q1 of MY 2003, the imports of soybean oil during the same period declined by a hefty 67 percent, and are estimated at 69,549 tons. This was due to comparatively higher prices for soybean oil following the tight international supply situation. The improved sunflower oil supply situation and higher prices of other vegetable oils led to increased imports of sunflower oil which are estimated at 22,572 tons during Q1 of MY 2003 due to continued consumer preference for it among the more health conscious urban consumers.

MY 2003 edible oil exports surge:

Table 2. Peanut oil exports during MY 2003 (October 2003 – January 2004)

Destination	Quantity (Metric Tons)
Europe	16,750
USA	9,500
China	6,000
Total	32,250

Source: Shipping Industry – Vessel Information Bulletins

Firm international prices, higher domestic supplies, and falling domestic prices pulled down by declining consumer preference, led to continuing peanut oil exports during MY 2003, currently estimated at 32,250 tons. Trade sources forecast that peanut oil exports will continue as world markets are still ruling higher than the domestic market on reports of a lower Chinese peanut crop. In view of the above, Post revises MY 2003 peanut oil export estimates to 50,000 tons. Most of these exports are to the EU and the United States, accounting for about 80 percent of the total. Trade sources said that Chinese traders purchased 20 percent of the total Indian exports, mainly to fulfill commitments to their regular consumers abroad.

Indian refiners tap the Middle East market for refined soybean oil exports

Table 3: Refined soybean oil exports – MY 2003 (October 2003 – January 2004)

Destination	Quantity (Metric Tons)
UAE	4,725
Jordan	3,000
Total	7,725

Source: Shipping Industry – Vessel Information Bulletins

An increased soybean crush, and lower domestic soybean oil prices during the peak domestic crushing season led efficient refineries to off-load their excessive supplies into nearby Middle-East markets and thus ease the pressure of stocks on the domestic market. Trade sources reveal that refined soybean oil exports remain a long-term possibility during the peak crushing season and during periods of bullish international markets. A port-based refiner with an efficient refining facility exported about 7,725 tons to-date, mainly to the UAE and Jordan (Table 3). Surging domestic prices and the end of the peak-crushing season are expected to reduce prospects for further exports during MY 2003. Post estimates MY 2003 refined soybean oil exports to increase to 15,000 tons.

Increased Availability and Firm International Markets boosts Oil Meal Exports:

Table 4: India's surging meal exports - MY 2002 vs 2003 (Oct – Dec) (Metric Tons)

Oil meal type	MY 2003 (Oct-Dec)	MY 2002 (Oct-Dec)	Percent Change
Soybean meal	995,875	489,625	103.4
Rapeseed Meal	146,950	77,775	88.9
Peanut meal	43,225	700	6075.0
Total	1,186,050	568,100	108.8

Source: SEAI

India's oilmeal exports during the first quarter of MY 2003 doubled to an estimated 1.19 million tons, boosted by increased domestic production, firm international markets, and low domestic prices. Soybean meal exports, which constitutes a major share of the Indian meal exports basket, doubled to an estimated 1.0 million tons during Q1 of MY 2003, as compared to the previous year, due to increased crushing and firm demand from traditional markets in South East Asia and the neighboring South Asian countries. World soybean meal supplies, pulled down by relatively small US soybean crop and increasing demand for soybean meal following the meat and bone meal ban for animal feed in several countries, is expected to push India's MY 2003 soybean meal exports to an estimated 3.0 million tons, compared to 1.3 million tons a year ago. Currently, Indian soybean meal prices are ruling low at \$237/ton, due to cheaper availability of other protein alternatives such as rapeseed and peanut meal in the country.

Reduced world rapeseed and peanut meal supplies following the reported failure of the Chinese crop and increased domestic availability of good quality meal, has enhanced their export prospects during MY 2003. Exports of peanut meal during Q1 of MY 2003 were up six-fold over last year, and are estimated at 43,225 tons. Exports of rapeseed meal during the same period went up by 90 percent, and are estimated at 146,950 tons.

Statistical Tables

Table 5: Commodity, Soybean Meal, PSD

PSD Table							
Country:	India						
Commodity:	Soybean Meal						
		2001		2002		2003	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		10/2001		10/2002		10/2003	(MONTH/YEAR)
Crush	4629	4629	3420	3420	5250	5750	(1000 MT)
Extr. Rate	0.7993087	0.7993087	0.7982456	0.7982456	0.7980952	0.7956522	
Beginning Stocks	40	40	42	42	37	37	(1000 MT)
Production	3700	3700	2730	2730	4190	4575	(1000 MT)
MY Imports	0	0	0	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	3740	3740	2772	2772	4227	4612	(1000 MT)
MY Exports	2450	2450	1300	1300	2600	3000	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Consump.	80	80	70	70	80	80	(1000 MT)
Feed Waste Dom. Consum.	1168	1168	1365	1365	1500	1500	(1000 MT)
Total Dom. Consumption	1248	1248	1435	1435	1580	1580	(1000 MT)
Ending Stocks	42	42	37	37	47	32	(1000 MT)
TOTAL DISTRIBUTION	3740	3740	2772	2772	4227	4612	(1000 MT)
Calendar Year Imports	0	0	0	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Table 6: Commodity, Soybean Oil, PSD

PSD Table							
Country:	India						
Commodity:							
		2001		2002		2003	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		10/2001		10/2002		10/2003	(MONTH/YEAR)
Crush	4629	4629	3420	3420	5250	5750	(1000 MT)
Extr. Rate	0.1847051	0.1847051	0.1847953	0.1847953	0.1847619	0.1843478	
Beginning Stocks	176	176	190	190	126	117	(1000 MT)
Production	855	855	632	632	970	1060	(1000 MT)
MY Imports	1550	1550	1575	1350	1150	900	(1000 MT)
MY Imp. from U.S.	83	83	45	50	50	50	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	2581	2581	2397	2172	2246	2077	(1000 MT)
MY Exports	4	4	5	5	5	15	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Consump.	2387	2387	2266	2050	2085	1950	(1000 MT)
Feed Waste Dom. Consum.	0	0	0	0	0	0	(1000 MT)
Total Dom. Consumption	2387	2387	2266	2050	2085	1950	(1000 MT)
Ending Stocks	190	190	126	117	156	112	(1000 MT)
TOTAL DISTRIBUTION	2581	2581	2397	2172	2246	2077	(1000 MT)
Calendar Year Imports	0	0	0	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Table 7: Commodity, Peanut Oil, PSD

PSD Table							
Country:	India						
Commodity:							
		2001		2002		2003	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		10/2001		10/2002		10/2003	(MONTH/YEAR)
Crush	5730	5730	3910	3910	5711	5711	(1000 HA)
Extr. Rate, 999.9999	0.2993019	0.2993019	0.2992327	0.2992327	0.2987218	0.2987218	(1000 TREES)
Beginning Stocks	95	95	135	135	91	91	(1000 MT)
Production	1715	1715	1170	1170	1706	1706	(1000 MT)
MY Imports	0	0	0	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	1810	1810	1305	1305	1797	1797	(1000 MT)
MY Exports	0	0	0	0	30	50	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	15	15	14	14	18	18	(1000 MT)
Food Use Dom. Consump.	1660	1660	1200	1200	1646	1640	(1000 MT)
Feed Waste Dom. Consum.	0	0	0	0	0	0	(1000 MT)
Total Dom. Consumption	1675	1675	1214	1214	1664	1658	(1000 MT)
Ending Stocks	135	135	91	91	103	89	(1000 MT)
TOTAL DISTRIBUTION	1810	1810	1305	1305	1797	1797	(1000 MT)
Calendar Year Imports	0	0	0	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)